

**OFFICE OF CITY CONTROLLER**  
**CITY OF HOUSTON**  
INTER OFFICE CORRESPONDENCE

<b>To</b>	Mayor Lee P. Brown City Council Members	<b>From</b>	Sylvia R. Garcia City Controller
		<b>Date</b>	October 25, 2002
		<b>Subject</b>	<b>September 2002 Financial Report</b>

Attached is the Monthly Financial and Operations Report for the period ending September 30, 2002.

**GENERAL FUND – FY 2002**

- Our estimates include an upward revision in the fiscal year 2002 ending Undesignated Fund Balance of \$1.0 million to \$83.3 million. This will complete the fiscal year at 6.93 % of expenditures less debt service. The largest single change since last month is an upward revision in Municipal courts fines and forfeitures of \$581,000.

**GENERAL FUND – FY 2003**

**Revenues**

- Sales tax allocation amounts received for the first two months of the fiscal year are virtually flat with FY 02. Dr. Barton Smith's September 21, 2002 report suggests a 3.17 % increase in FY 03 over FY 02. Our projection incorporates Dr Smith's report, adjusted for two months of actual collections.
- Gas Franchise fee revenue projections increased by \$3.0 million. This is based on correspondence from Centerpoint (formerly Reliant Energy) personnel and mirrors their anticipated payments to the City.
- Municipal court fines and forfeits are also flat with FY 02. We have not changed our estimate for FY03, because we are still assuming that the new traffic enforcement group will result in a positive impact on this revenue source before the end of the fiscal year.

**Expenditures**

- Expenditure projections remain unchanged from the August report.

The projected net activity for fiscal year 2003, allowing for the budgeted Any Lawful Purpose Fund transfer of \$4.1 million, is a \$19.6 million shortfall, \$3.0 million less than the of \$22.8 million August projection. The change is attributable to the Gas Franchise fee discussed above.

We believe a strategy must be implemented soon to cover this anticipated negative activity.

**Mayor Lee P. Brown  
City Council Members  
September 2002 Monthly Financial and Operations Report**

**HIGHLIGHTS OF THE BOND STATUS REPORT**

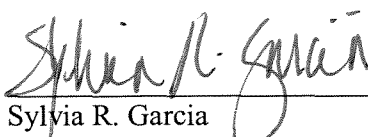
<b>COMMERCIAL PAPER</b>	<b>Drawdowns FY 03 (in millions)</b>	<b>Drawdowns In Sept. (in millions)</b>	<b>Amount Available to be Drawn (in millions)</b>	<b>Amount Outstanding (in millions)</b>
<b>General Obligation</b>				
<i>(Series A &amp; B)</i>				
<i>Public Improvement Bond</i>	\$ 47.0	\$ 15.0	\$ 218.0	\$ 301.3
<i>(Series D)</i>	\$ 0.0	\$ 0.0	\$ 165.0	\$ 0.0
<i>(Series C)</i>				
<i>Equipment</i>	\$ 10.0	\$ 0.0	\$ 15.9	\$ 65.0
<i>Storm Overlay</i>	\$ 0.0	\$ 0.0	\$ 9.1	\$ 10.0
<b>Water and Sewer</b>	\$ 110.0	\$ 50.0	\$ 470.0	\$ 230.0
<i>(Series A &amp; B)</i>				
<b>Aviation</b>	\$ 10.0	\$ 0.0	\$ 300.0	\$ 0.0
<i>(Series A,B, &amp; C)</i>				

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt issued in a variable rate structure.

As of September 30, 2002, the ratio for each type of outstanding debt was:

<b>General Obligation</b>	19.0%
<b>Water and Sewer</b>	6.0%
<b>Aviation</b>	15.8%
<b>Convention &amp; Entertainment</b>	24.1%

Respectfully submitted,

  
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Sylvia R. Garcia  
City Controller